

***Federal Reserve Announces Cap on Late Fees, Ban on Activity Fees to Take Effect Soon***

Washington, DC – New consumer protections will take effect soon to protect credit users from some of the Credit Card industry's most unscrupulous practices. Congressman John Adler, who helped pass the Credit CARD Act last year, today announced a cap on late payment fees and other credit card term violations, as well as a ban on inactivity fees and other outrageous credit fees. The Federal Reserve Board plans to implement these new regulations beginning August 22.

"Middle-class families, seniors and small businesses need protection from credit card company abuses," Congressman John Adler said. "In these tough times, our families cannot afford to be squeezed by credit companies. These commonsense reforms will put more money in families' pockets."

The new rules announced by the Federal Reserve Board yesterday:

- Prohibits Credit Card Companies from charging penalties which exceed the amount of the consumer's violation.
- Caps Credit Card Company late payment and other terms of agreement violation fees at \$25 unless the consumer demonstrates a long-history of late payment.
- Bans the Credit Company practice of activity fees which is used to charge consumers who do not use the card for new purchases.
- Prevents Credit Card Companies from charging multiple fees for a single term of agreement violation.
- Directs Credit Card Companies that have increased interest rates to evaluate the reason for the rate change and consider reducing it.